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GENERAL

1. UK suspension of arms shipments to Egypt—According to US Embassy London, a high Foreign Office official has stated that the suspension of arms shipments to Egypt was decided primarily on the grounds that certain types of armament were needed for UK, Commonwealth and NAT defenses. The British official commented that the unfavorable development of the recently-suspended defense talks between the UK and Egypt had persuaded the UK not to make an exception to the priority distribution of arms; he added, however, that the British Government had presented the arms suspension to the Egyptians as a purely defense decision, leaving the Egyptians to draw their own conclusions.

EUROPE

2. YUGOSLAVIA-US may be asked for grant-in-aid--US Ambas-sador Allen in Belgrade reports that he has been informally approached by the Yugoslav Planning Director, Boris Kidric regarding the prospects for obtaining a US grant-in-aid to alleviate Yugoslavia's critical food shortage during the next eight months. Kidric estimated that Yugoslavia's crop losses from the drought would total \$100,000,000 and that food and feed imports needed between now and the 1951 harvest would be approximately 460,000 tons. Allen commented to Kidric that the projected grant-in-aid might encounter some difficulties and Kidric said he would again discuss the matter with Allen before making the formal request for US aid.

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- 3. AUSTRIA: Soviet interference during recent disorders—US Charge Dowling in Vienna reports that the Austrian Government feels that the most serious incident during the recent disorders was the Soviet intervention in Wiener Neustadt where gendarmes from Vienna expelled demonstrators from the post office only to be expelled later by orders of the Soviet town commander. Dowling "understands" that the Austrian Government has decided to send telegrams to the four occupation headquarters protesting the Soviet town commanders action and requesting that his orders be countermanded.
- 4. SWEDEN: <u>Investigation of alleged US bombing in China</u>--US Embassy Stockholm reports that the Swedish Government will cooperate in an informal investigation of Communist China's charges that US planes bombed targets in Manchuria. The Embassy adds that the Swedish Government has indicated it is prepared to take prompt action to designate a representative for this purpose.